

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 COME-00 INT-08 SCI-06 TRSE-00

SCEM-02 STR-08 CIEP-02 OMB-01 NEA-10 AID-20 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 ACDA-19 IO-14

DRC-01 (ISO) W

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P 032113Z DEC 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 1963

INFO AMEMBASSY GUATEMALA PRIORITY

AMEMBASSY SAN JOSE PRIORITY

AMEMBASSY TEGUCIGALPA PRIORITY

AMEMBASSY PANAMA PRIORITY

AMEMBASSY PORT OF SPAIN PRIORITY

C O N F I D E N T I A L CARACAS 10307

EO 11652: GDS

TAGS: ENRG VE

SUBJECT: CENTRAL AMERICAN OIL SUPPLY PROBLEM

REF: CARACAS 10242

1. TEXACO MANAGER, HANA TANNER MET WITH DIRECTOR OF HYDROCARBONS LUIS PLAZ OF VENEZUELAN MINISTRY OF MINES AND HYDROCARBONS AND EXPLAINED TO HIM IN FULL TEXACO'S RESPONSE TO PETROLEUM SUPPLY PROBLEMS OF ITS CUSTOMERS IN CENTRAL AMERICA. TANNER EXPLAINED THAT TEXACO HAS OVERALL SHORTFALL OF TWENTY PERCENT IN RELATION ITS WORLDWIDE REQUIREMENTS FOR PETROLEUM AND THAT ITS REFINERY IN TRINIDAD IS OPERATING AT TWENTY PERCENT BELOW CAPACITY. TEXACO'S OBJECTIVE, HE EXPLAINED, IS TO SPREAD THIS SHORTFALL AS EQUITABLY AS POSSIBLE AMONG ALL TEXACO CUSTOMERS.

2. IN CASE OF HONDURAS AND GUATEMALA, TEXACO WILL SUPPLY 100

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PERCENT OF THEIR FUEL OIL REQUIREMENTS, WHICH NEEDED TO KEEP

ELECTRIC POWER PLANTS OPERATING. IT WILL ALSO SUPPLY TO THEM ABOUT 70 PERCENT OF THEIR REQUIREMENTS FOR LIGHTER PRODUCTS, MAINLY GASOLINE. OVER ALL, HONDURAS AND GUATEMALA WILL THUS RECEIVE 80 PERCENT OF THEIR NORMAL REQUIREMENTS, AND WILL HAVE TO LIVE WITH A 20 PERCENT SHORTFALL EQUIVALENT TO THAT OF OTHER COUNTRIES.

3. IN CASE OF COSTA RICA, TEXACO HAS NO REFINERY THERE AND ITS CONTRACTS TO SUPPLY SMALL QUANTITY OF PRODUCTS FROM TEXACO REFINERY IN PANAMA WILL EXPIRE AT THE END OF YEAR. THESE CONTRACTS WILL NOT BE RENEWED. COSTA RICAN REFINERY, PREVIOUSLY OWNED BY ANOTHER AMERICAN COMPANY, WHICH NOW TAKEN OVER BY GOVERNMENT OF COSTA RICA, WILL PRESUMABLY SEEK OIL FROM COMPANY OR COMPANIES THAT HAD BEEN SUPPLYING ITS NEEDS IN RECENT PAST.

4. TANNER SAID THAT DR PLAZ, WHO HAD NOT PREVIOUSLY UNDERSTOOD OIL SUPPLY SITUATION RE TEXACO AND CENTRAL AMERICAN COUNTRIES WAS FULLY SATISFIED WITH TANNER'S EXPLANATION AND SEEMED TO AGREE WITH OVERRIDING PRINCIPLE OF SHARING SHORTAGES AS EQUITABLY AS POSSIBLE AMONG VARIOUS CUSTOMERS. PLAZ HAD NOT REALIZED (AND CENTRAL AMERICAN GOVERNMENTS MAY NOT REALIZE) THAT TRINIDAD IS ON PROHIBITED LIST FOR SAUDI ARABIAN EXPORTS AND THAT THERE IS THEREFORE NO POSSIBILITY OF DIVERTING ADDITIONAL SUPPLIES FROM SAUDI ARABIA TO TRINIDAD REFINERY IN ORDER TO BETTER MEET CENTRAL AMERICAN OR ANY OTHER REQUIREMENTS.

5. TEXACO MANAGER TANNER IS TO MEET TOMORROW AT 11 A.M. WITH VENEZUELAN MINISTER OF MINES AND HYDROCARBONS IN ORDER TO GIVE HIM PERSONAL EXPLANATION OF TEXACO'S EFFORTS TO PROVIDE EQUITABLE SHARE OF PETROLEUM CENTRAL AMERICA AND OTHER MARKETS.
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